

AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## ASSEMBLY BILL

No. 1835

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### Introduced by Assembly Member Holden

February 9, 2016

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An act to ~~amend Section 94874~~ *add and repeal Section 94885.2* of the Education Code, relating to private postsecondary education.

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1835, as amended, Holden. California Private Postsecondary Education Act of 2009: *minimum operating standards*: exemptions.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. ~~The act exempts an institution from its provisions if any of a list of specific criteria are met. act, among other things, requires the bureau to adopt by regulation minimum operating standards and imposes accreditation requirements for certain institutions. The act is to be repealed by its own provisions on January 1, 2017.~~

This bill would exempt *institutions that grant doctoral degrees in psychoanalysis* from the provisions of the act ~~an institution solely offering terminal professional degrees if: (1) all students hold master's or doctoral degrees before enrolling at the institution, (2) all students, except for certain designated research candidates, hold a valid professional license, and that license remains valid throughout the period of their enrollment at the institution, and (3) the institution does not accept federal student aid. requiring the imposition of those minimum~~

*operating standards and accreditation requirements if, and as long as, these institutions satisfy specified conditions, including a requirement that all of the institution's students hold master's or doctoral degrees before enrollment in the institution, and a requirement that the institution has obtained accreditation from, or has submitted a self-study application to, the Accreditation Council for Psychoanalytic Education on or before July 1, 2017.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 94885.2 is added to the Education Code,  
2     to read:  
3     94885.2. (a) Notwithstanding any other law, an institution  
4     that grants doctoral degrees in psychoanalysis shall not be subject  
5     to Section 94885 or 94885.1 if, and as long as, it satisfies all of  
6     the following conditions:  
7     (1) All of the institution's students hold master's or doctoral  
8     degrees before they enroll in the institution.  
9     (2) All of the institution's students, with the exception of  
10    research candidates governed by subdivision (a) of Section 2529  
11    of the Business and Professions Code and regulated by the Medical  
12    Board of California, hold a professional license to practice  
13    psychotherapy that remains valid throughout the period of their  
14    enrollment at the institution and carry current malpractice  
15    insurance in their respective fields.  
16    (3) The institution does not accept federal student aid.  
17    (4) The institution is a nonprofit entity.  
18    (5) The institution has obtained accreditation from, or has  
19    submitted a self-study application to, the Accreditation Council  
20    for Psychoanalytic Education on or before July 1, 2017.  
21    (b) This section shall remain in effect only until January 1, 2021,  
22    and as of that date is repealed, unless a later enacted statute, that  
23    is enacted before January 1, 2021, deletes or extends that date.  
24    SECTION 1. ~~Section 94874 of the Education Code is amended~~  
25    to read:  
26    94874. ~~Except as provided in Section 94874.2, the following~~  
27    are exempt from this chapter:

1     ~~(a) An institution that offers solely avocational or recreational~~  
2     ~~educational programs.~~

3     ~~(b) (1) An institution offering educational programs sponsored~~  
4     ~~by a bona fide trade, business, professional, or fraternal~~  
5     ~~organization, solely for that organization's membership.~~

6     ~~(2) (A) Except as provided in subparagraph (B), a bona fide~~  
7     ~~organization, association, or council that offers preapprenticeship~~  
8     ~~training programs, on behalf of one or more Division of~~  
9     ~~Apprenticeship— Standards-approved— labor-management~~  
10    ~~apprenticeship programs that satisfies one of the following~~  
11    ~~conditions:~~

12    ~~(i) It is not on the Eligible Training Provider List established~~  
13    ~~and maintained by the California Workforce Investment Board~~  
14    ~~but has met the requirements for placement on the list.~~

15    ~~(ii) It is on the Eligible Training Provider List established and~~  
16    ~~maintained by the California Workforce Investment Board and~~  
17    ~~meets the requirements for continued listing.~~

18    ~~(B) If an organization, association, or council has been removed~~  
19    ~~from the Eligible Training Provider List established and maintained~~  
20    ~~by the California Workforce Investment Board for failure to meet~~  
21    ~~performance standards, it is not exempt until it meets all applicable~~  
22    ~~performance standards.~~

23    ~~(c) A postsecondary educational institution established, operated,~~  
24    ~~and governed by the federal government or by this state or its~~  
25    ~~political subdivisions.~~

26    ~~(d) An institution solely offering any of the following:~~

27    ~~(1) Test preparation for examinations required for admission to~~  
28    ~~a postsecondary educational institution.~~

29    ~~(2) Continuing education or license examination preparation,~~  
30    ~~if the institution or the program is approved, certified, or sponsored~~  
31    ~~by any of the following:~~

32    ~~(A) A government agency, other than the bureau, that licenses~~  
33    ~~persons in a particular profession, occupation, trade, or career field.~~

34    ~~(B) A state-recognized professional licensing body, such as the~~  
35    ~~State Bar of California, that licenses persons in a particular~~  
36    ~~profession, occupation, trade, or career field.~~

37    ~~(C) A bona fide trade, business, or professional organization.~~

38    ~~(3) Terminal professional degrees, as long as all of the following~~  
39    ~~conditions are met:~~

~~(A) All students hold master's or doctoral degrees before enrolling at the institution.~~

~~(B) All students, except for research candidates whose practice is regulated by the Medical Board of California pursuant to Section 2529 of the Business and Professions Code, hold a valid professional license, and that license remains valid throughout their tenures at the institution.~~

~~(C) The institution does not accept federal student aid.~~

~~(e) (1) An institution owned, controlled, and operated and maintained by a religious organization lawfully operating as a nonprofit religious corporation pursuant to Part 4 (commencing with Section 9110) of Division 2 of Title 1 of the Corporations Code, that meets all of the following requirements:~~

~~(A) The instruction is limited to the principles of that religious organization, or to courses offered pursuant to Section 2789 of Business and Professions Code.~~

~~(B) The diploma or degree is limited to evidence of completion of that education.~~

~~(2) An institution operating under this subdivision shall offer degrees and diplomas only in the beliefs and practices of the church, religious denomination, or religious organization.~~

~~(3) An institution operating under this subdivision shall not award degrees in any area of physical science.~~

~~(4) Any degree or diploma granted under this subdivision shall contain on its face, in the written description of the title of the degree being conferred, a reference to the theological or religious aspect of the degree's subject area.~~

~~(5) A degree awarded under this subdivision shall reflect the nature of the degree title, such as "associate of religious studies," "bachelor of religious studies," "master of divinity," or "doctor of divinity."~~

~~(f) An institution that does not award degrees and that solely provides educational programs for total charges of two thousand five hundred dollars (\$2,500) or less when no part of the total charges is paid from state or federal student financial aid programs. The bureau may adjust this cost threshold based upon the California Consumer Price Index and post notification of the adjusted cost threshold on its Internet Web site, as the bureau determines, through the promulgation of regulations, that the adjustment is consistent with the intent of this chapter.~~

1     ~~(g) A law school that is accredited by the Council of the Section~~  
2     ~~of Legal Education and Admissions to the Bar of the American~~  
3     ~~Bar Association or a law school or law study program that is~~  
4     ~~subject to the approval, regulation, and oversight of the Committee~~  
5     ~~of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the~~  
6     ~~Business and Professions Code.~~

7     ~~(h) A nonprofit public benefit corporation that satisfies all of~~  
8     ~~the following criteria:~~

9         ~~(1) Is qualified under Section 501(c)(3) of the United States~~  
10        ~~Internal Revenue Code.~~

11        ~~(2) Is organized specifically to provide workforce development~~  
12        ~~or rehabilitation services.~~

13        ~~(3) Is accredited by an accrediting organization for workforce~~  
14        ~~development or rehabilitation services recognized by the~~  
15        ~~Department of Rehabilitation.~~

16        ~~(i) An institution that is accredited by the Accrediting~~  
17        ~~Commission for Senior Colleges and Universities, Western~~  
18        ~~Association of Schools and Colleges, or the Accrediting~~  
19        ~~Commission for Community and Junior Colleges, Western~~  
20        ~~Association of Schools and Colleges.~~

21        ~~(j) An institution that satisfies all of the following criteria:~~

22           ~~(1) The institution has been accredited, for at least 10 years, by~~  
23           ~~an accrediting agency that is recognized by the United States~~  
24           ~~Department of Education.~~

25           ~~(2) The institution has operated continuously in this state for at~~  
26           ~~least 25 years.~~

27           ~~(3) During its existence, the institution has not filed for~~  
28           ~~bankruptcy protection pursuant to Title 11 of the United States~~  
29           ~~Code.~~

30           ~~(4) The institution's cohort default rate on guaranteed student~~  
31           ~~loans does not exceed 10 percent for the most recent three years,~~  
32           ~~as published by the United States Department of Education.~~

33           ~~(5) The institution maintains a composite score of 1.5 or greater~~  
34           ~~on its equity, primary reserve, and net income ratios, as provided~~  
35           ~~under Section 668.172 of Title 34 of the Code of Federal~~  
36           ~~Regulations.~~

37           ~~(6) The institution provides a pro rata refund of unearned~~  
38           ~~institutional charges to students who complete 75 percent or less~~  
39           ~~of the period of attendance.~~

1     ~~(7) The institution provides to all students the right to cancel~~  
2     ~~the enrollment agreement and obtain a refund of charges paid~~  
3     ~~through attendance at the second class session, or the 14th day~~  
4     ~~after enrollment, whichever is later.~~

5     ~~(8) The institution submits to the bureau copies of its most recent~~  
6     ~~IRS Form 990, the institution's Integrated Postsecondary Education~~  
7     ~~Data System Report of the United States Department of Education,~~  
8     ~~and its accumulated default rate.~~

9     ~~(9) The institution is incorporated and lawfully operates as a~~  
10    ~~nonprofit public benefit corporation pursuant to Part 2~~  
11    ~~(commencing with Section 5110) of Division 2 of Title 1 of the~~  
12    ~~Corporations Code and is not managed or administered by an entity~~  
13    ~~for profit.~~

14    ~~(k) Flight instruction providers or programs that provide flight~~  
15    ~~instruction pursuant to Federal Aviation Administration regulations~~  
16    ~~and meet both of the following criteria:~~

17    ~~(1) The flight instruction provider or program does not require~~  
18    ~~students to enter into written or oral contracts of indebtedness.~~

19    ~~(2) The flight instruction provider or program does not require~~  
20    ~~or accept prepayment of instruction-related costs in excess of two~~  
21    ~~thousand five hundred dollars (\$2,500).~~